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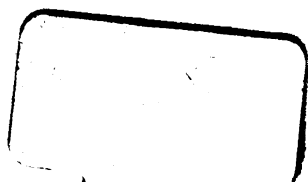
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INTERIM LEGISLATION



REPORT SUBMITTED TO
CHAIRMAN WAYS AND MEANS COMMITTEE OF THE
HOUSE OF REPRESENTATIVES
APRIL 16, 1917



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REPORT ON INTERIM LEGISLATION.

APRIL 16, 1917.

HON. CLAUDE KITCHIN,
*Chairman Committee on Ways and Means,
House of Representatives.*

MR. CHAIRMAN: In reply to your letter of April 4, asking for "suggestions in view of the present conditions, in connection with any possible revenue measures," which your committee might consider at this session of Congress, the Tariff Commission submits the following:

PROBLEM STATED.

Assuming that the revenue exigencies of the war will necessitate increased customs duties and larger internal revenue taxes, the Commission feels that the Ways and Means Committee will desire to protect the Government against revenue losses which have been sustained heretofore, without any advantage to the consumers, during the interval ensuing between the report of a revenue bill carrying increased customs duties and the date of effectiveness of such bill. During this period it is a common practice to withdraw from bonded warehouses, and to import directly for consumption, more goods than would normally be introduced, in order to get the benefit of the existing lower rates of duty. Thus, while Congress is deliberating on a revenue measure carrying increased rates, the Government loses large sums of potential revenue. On the other hand, the consumer does not, as a rule, get the benefit of the lower revenue rates at which the goods are imported. The level of prices at which the goods are sold for consumption is fixed by the higher rates of duty levied by the new law when enacted.

LENGTH OF INTERVAL.

Six months elapsed between the date on which the tariff act of 1913 was reported to the House of Representatives and the date on which it became effective. The corresponding interim period in the case of previous revenue measures varied from two months to eight months.

EFFECT OF INCREASED CUSTOMS DUTIES ON IMPORTS.

During the interval of five months elapsing between the reporting by the Ways and Means Committee of the revenue bill of 1897 and the date of its effectiveness, imports valued at approximately \$243,000,000 came into the country. The difference between the revenue secured from these imports at the rates actually in force under the tariff act of 1894 and the revenue that would have accrued at the rates of the act of 1897, had these been in effect, was about \$74,000,000. The most important item was wool. The quantity of

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this commodity imported free into the United States during that period would have yielded, under the rates of the act of 1897, about \$27,500,000. On manufactures of wool, the additional revenue would have been about \$10,000,000. On sugar the additional revenue would have been about \$18,600,000.

The importations, during the five months' interim period of the revenue bill of 1897, of commodities for which the new legislation provided higher rates were unusual and abnormal. In the corresponding period of five months in 1896 the value of wool imported was about \$7,360,000; in the interim period in 1897 the value was \$41,700,000. In these same periods the importation of manufactures of wool was \$14,190,000 in the five months of 1896, and \$30,475,000 for the five months of 1897. Manufactures of silk for the same period increased from \$8,618,000 to \$12,680,000. Every article for which increased rates were provided was imported during the interim period in quantities greatly in excess of the quantities imported during the corresponding period of the previous year.

If, during the five months' interim preceding the next ensuing revenue act, that of 1909, the following articles had been subjected to the rates of duty carried by that act, the increased revenue would have exceeded \$2,500,000:

<i>Articles.</i>	<i>Revenue lost.</i>
Stockings.....	\$635, 000
Lemons.....	450, 000
Shingles.....	89, 500
Gin, whisky, cordials, and alcoholic compounds.....	314, 000
Cotton lace, lace curtains, etc. (estimated).....	1, 014, 000
Total revenue lost.....	2, 502, 500

Another example is found in the working of a commercial agreement with France, authorized by section 3 of the tariff act of 1897. By this agreement champagne and other sparkling wines were subjected to a special duty of \$6 per dozen quarts, instead of the normal duty of \$8 per dozen quarts levied by the act of 1897.¹ The act of 1909 raised this normal duty to \$9.60 per dozen quarts, and also provided for the termination on October 31, 1909, of the commercial agreement referred to. In the interval between the report of this tariff bill to the House of Representatives on March 18, 1909, and the expiration of the commercial agreement, October 31, 1909, an extraordinary quantity of champagne was imported into the United States, upon which the difference between the duty of \$6 per dozen quarts actually collected and the duty of \$9.60 per dozen quarts which eventually came into effect amounted to a loss in revenue of \$1,610,000. The average monthly imports of champagne, which had been about \$300,000 in 1908, rose to over \$900,000 during those eight interim months of 1909. It should be borne in mind that the interval during which the change in the duty on champagne was impending was unusually long, because of its connection with the commercial agreement. Nevertheless, the case illustrates the loss of duty which takes place in any period when legislation for increase of duties is pending.

¹ The rates for pints and half-pints were proportionately lower.

EFFECT OF INCREASE OF INTERNAL-REVENUE-TAXES ON WITHDRAWALS FROM BOND.

Mention should also be made of the importance of this matter as related to internal-revenue taxes on commodities. In 1894 an increase was made in the tax on distilled spirits, from a net rate of 92½ cents a gallon to \$1.10 a gallon. The bill providing for this increase was under consideration from December 19, 1893, to August 28, 1894. During that period a large amount of spirits was withdrawn from warehouse. The withdrawals amounted to about 92,500,000 gallons in the period of 1893-94, compared with only 64,500,000 gallons during the corresponding period of 1892-93. On the withdrawals of 1893-94 (92,500,000 gallons), the difference in revenue between the old and new rates, on the quantity actually withdrawn, was over \$18,000,000.

Again, the act of June 13, 1898, the Spanish War revenue act, increased the tax upon manufactured tobacco from 6 cents to 12 cents a pound. During the seven weeks when the bill carrying this increase was under consideration, the withdrawals of manufactured tobacco from warehouse were about 55,000,000 pounds. In the corresponding period of 1897 the withdrawals had been only 40,000,000 pounds. On the withdrawals of 1898 (55,000,000 pounds) the new rate of 12 cents would have yielded \$3,300,000 revenue above that from a rate of 6 cents. As a matter of fact, in the war-revenue act of 1898 an attempt was made to prevent the loss of revenue by following the tobacco after it had got into traders' hands. But certain concessions as to tobacco in store or in the channels of trade were made which amounted to an abatement of one-half the increased tax. In addition to the decrease thus permitted, a considerable portion of unconsumed tobacco in the channels of trade escaped the new taxation. More complete description of this will be found in Exhibit V (p. 33), annexed to this report.

During this same interim period of 1898 the taxes collected on fermented liquors, manufactured tobacco, snuff, cigars and cigarettes, large and small, amounted to \$11,408,201. At the rates subsequently enacted the amount would have been \$20,111,174. Thus the apparent loss in revenue in this instance was \$8,702,973.

HOW SIMILAR REVENUE PROBLEMS ARE MET IN OTHER COUNTRIES.

France, Italy, Great Britain, Canada, Australia, and other nations have legislation or legislative procedure which protects the national revenue by preventing the evasion of increased taxes during the period when such taxes are being enacted into law. Exhibits VI and VII, annexed to this report, contain memoranda on this foreign practice, furnished this Commission, on request, by the Bureau of Foreign and Domestic Commerce. New or increased taxes are in these countries collected provisionally, pending legislation, subject to refund if the legislation fails of enactment. An illustrative method is that adopted in Great Britain, where, as stated by a leading English authority,¹ under "ancient usage in regard to Cus-

¹ N. J. Highmore: *The Customs Laws* (2d ed., 1907), pp. 33-34.

toms and also excise duties," there has been a "practice of collecting new duties of Customs imposed by a resolution of the House of Commons from such date as is provided by the resolution." The resolution is ordinarily passed on the night of introduction of the budget, following the budget statement of the chancellor of the exchequer. Any change in taxes is put into effect practically at once, or on the date set by the resolution. The whole proceeding is later made regular by the law fixing the taxes.¹ (See, as to usage in Great Britain, Exhibit VIB; as to usage in Canada, Exhibit VIC; and for language of Customs Consolidation Act of Great Britain of July 24, 1876, finally sanctioning the British practice, Exhibit VID.)

IMPORTANCE OF LEGISLATION AND OF CONTRACT SAFEGUARDS.

Interim revenue legislation is necessary to protect the Government against the curtailment of revenue under any proposed legislation carrying increases in the rates. It is also necessary to prevent an artificial stimulus to importation and withdrawals for consumption which serve only the speculative purposes of traders. At the same time, the rights of those who have assumed contractual obligations to supply articles at a fixed price should be protected against loss due to suddenly increased taxes. It is found, for example, on inquiry in the field of imports at present on the free list, that there are many outstanding agreements calling for delivery of commodities contracted for sale at fixed prices, during periods ranging from two to six months without any saving clause enabling the contractor to add the newly imposed tax to the contract price. Investigation made by this Commission discloses that the following articles are at the present time being imported in large quantities without any protection of the vendor against suddenly imposed duties, on contracts ordinarily calling for delivery within approximately the respective periods mentioned: coffee, 30 to 60 days; sugar, 45 days; wool, 90 to 120 days; raw silk, 60 to 120 days, and, in some instances, six months.

PRECEDENTS OF GREAT BRITAIN AND THE UNITED STATES CONCERNING OUTSTANDING CONTRACTS.

Persons committed by contracts are protected under interim tariff legislation in Great Britain by authorization to add the increased customs duty to the purchase price stipulated in any executory contract of sale, in the absence of any express agreement to the contrary. (Exhibit VIE.) Equally suggestive, for equitable practice with reference to such contracts, is the wording of section 94 of our own war internal-revenue law, enacted by Congress June 30, 1864. This section, which dealt primarily with the contracts of manufacturers for the delivery of their goods, provided, like the Act of Great Britain, that in case of prior contracts, not containing stipulations for the payment of taxes, the seller might exact from the purchaser the increase of tax in addition to the contract price. The exact wording of the section follows:

¹ Sir Thomas Erskine May, *Parliamentary Practice* (11th ed., 1906), p. 589.

94. That every person, firm, or corporation who shall have made any contract prior to the passage of this act, and without other provision therein for the payment of duties imposed by law enacted subsequent thereto, upon articles to be delivered under such contract, is hereby authorized and empowered to add to the price thereof so much money as will be equivalent to the duty so subsequently imposed on said articles, and not previously paid by the vendee, and shall be entitled by virtue hereof to be paid and to sue for and recover the same accordingly: *Provided*, That where the United States is the purchaser under such prior contract the certificate of the proper officer of the department by which the contract was made, showing, according to regulations to be prescribed by the Secretary of the Treasury, the articles so purchased by the United States, and liable to such subsequent duty, shall be taken and received, so far as the same is applicable, in discharge of such subsequent duties on articles so contracted to be delivered to the United States and actually delivered according to such contract.

This statute, it may be said in passing, was enforced by an undivided court in the case of *Babbett v. Young*, 51 N. Y., 238.

The Commission has not thought it necessary to consider the converse case, that of duties lowered after an interim of discussion. The Government in such circumstance is not disadvantageously affected, since the very circumstance that a reduction or abolition of taxes is proposed indicates that a loss of revenue is contemplated and is not unwelcome. The importer gets notice, and has opportunity to adjust himself to the new conditions, from the same circumstance, namely, that there is an interim of discussion. That interim gives him opportunity for disposing of stocks on hand and so makes possible an easy adjustment to the new conditions. Moreover, where marked reductions in taxes or duties have been made in the past, Congress has provided that the changes shall take effect not immediately upon the enactment of the legislation, but at a future date, and thus has prevented difficulties from arising in connection with the existing stocks and outstanding contracts. This case, therefore, calls ordinarily for no special action. However, if separate treatment is desired of the results of lowered duties, the statute of Great Britain (Exhibit VI, paragraph 2) provides a precedent.

POSSIBLE METHODS.

In view of the fact that in the United States proposed taxes and duties are far more likely than in Great Britain, and perhaps elsewhere abroad, to be amended in the course of their consideration by Congress, it does not seem desirable to follow the European usage of collecting at once the proposed taxes. Instead of making actual collection of the new or increased taxes the same ends may be achieved with less severity through legal provision for the giving to the Secretary of the Treasury, under regulations to be determined by him, of good and sufficient surety bonds insuring payment of such proposed new or increased customs and internal-revenue duties as may be finally enacted. The exercise of the authority to require bonds should be subject to the Secretary's discretion, since proposed changes may be inconsiderable, or for other reasons not suitable for the application of the interim levy.

To apply safeguards to present conditions, two ways are open. First, that outlined in the United States revenue law of 1864, already quoted, and also found in the existing British law. Under this plan the person who has made, prior to the date fixed, contracts in good

faith for the sale of articles taxed is entitled to recover from the vendee an additional amount equal to the increase in the newly levied tax. The second method is to arrange for suitable refunds to be allowed by the Secretary of the Treasury on satisfactory proof, within a limited time, of loss accruing upon contracts by reason of the altered duties.

If the first of these methods is adopted the Government loses no revenue because of the outstanding contracts. If the second method is adopted the Government gives up the revenue that would have accrued on articles affected by the contracts. The first would better protect the interests of the Government.

One other contingency is suggested for consideration. It is possible that even in advance of a report by the Committee on Ways and Means expectation will be entertained of increased duties or taxes and that withdrawals will take place and contracts for the sale of taxable goods will be made prior to the date of such report. To meet this contingency the President of the United States might be empowered by proclamation to fix the date on and after which persons withdrawing goods should be liable for increased taxes eventually levied. In such case the Secretary of the Treasury would be empowered to require surety bonds in the manner already suggested. Emergencies such as those now confronting the Nation will naturally arise in which such power in the hands of the President may be used to safeguard the public interest.

CONCLUSION.

The Tariff Commission is of the opinion that if the rights of those committed by contract are safeguarded in some such manner as indicated in the preceding paragraph, there can be no valid objection to making increases in customs duties and internal revenue taxes effective from the day on which the legislation containing them is reported by the Ways and Means Committee to the House of Representatives. In stating this conclusion the Commission is not unmindful of the fact that the arrangement proposed would not only prevent abnormal importations during the interim period and protect the revenue of the Government from the evasion of the higher duties that are proposed, but would also establish the higher rates of duty and excise during the period preceding the enactment of the law for the normal volume of importations and withdrawals from bond. Changes in customs and excise rates probably can not under any circumstances be divested entirely of the tendency to disturb established business conditions and relations. Provided contracts are protected in the manner indicated above, it is better that the changes should be made without advance notice to the public, as this notice creates an abnormal condition in which capital is employed for the sole purpose of avoiding the intent of pending legislation. If the legislation here proposed be enacted, it will further serve for the future as notice and warning to all concerned that saving clauses should appear in all contracts relating to taxable commodities, which clauses should provide for adjustment in view of such changes as may occur in tax rates.

Should the suggestions made in this communication appeal favorably to your committee, the Tariff Commission will, if requested, be glad to suggest a draft of legislation to accomplish the end sought.

Respectfully,

F. W. TAUSSIG,
Chairman.

DANIEL C. ROPER,
Vice Chairman.

DAVID J. LEWIS.

WILLIAM KENT.

WILLIAM S. CULBERTSON.

EDWARD P. COSTIGAN.

NOTE.—At the request of the chairman of the Committee on Ways and Means, the following tentative draft of legislation was submitted by the United States Tariff Commission on April 18, 1917:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled:

SECTION 1. That for the purpose of this act the word "person" shall mean and include individuals, firms, partnerships, associations, and corporations.

SEC. 2. That whenever the Ways and Means Committee of the House of Representatives shall report to the House a bill which imposes new or increased duties, or increases in internal-revenue taxes then existing on commodities, all new and increased customs duties finally enacted in the then current session of Congress and all increased internal-revenue taxes on commodities finally enacted in such session shall take effect on and after the date of such report.

SEC. 3. That on and after the date when such report is made by the Ways and Means Committee, the Secretary of the Treasury, with the approval of the President of the United States, may upon the withdrawal of merchandise, subject to tax, as provided in section two, for consumption, or from warehouse, or upon removal of merchandise similarly subject to tax from the factory or place of manufacture, require bonds to be given conditioned for the payment of any additional taxes which may become due upon enactment of the bill into law: *Provided*, That if the Secretary of the Treasury is satisfied that conclusive action adverse to the passage of such bill has been taken in either House of Congress, he shall release all persons from their obligation on such bonds: *And provided further*, That the Secretary of the Treasury may, from time to time, exempt from the operation of this act consignments of imported goods of small value, including those transported in the mails, when in his judgment the customs duty or duties to be secured therefrom will not be sufficient in amount to justify the requirements of a surety bond.

SEC. 4. That whenever any new or increased customs duties or increased internal revenue taxes shall become effective and due, in the manner provided for in section two of this act, every person who, prior to the date so determined, shall have made any contract without provision therein for the payment of duties or taxes subsequently imposed by law on articles to be delivered under such contract, is hereby authorized and empowered to add to the contract price of such articles so much money as will be equivalent to the duty or tax so subsequently imposed on such articles, and shall be entitled by virtue hereof to be paid and to sue and recover the same accordingly: *Provided*, That where the United States is the purchaser under such prior contract, the certificate of the proper officer of the department by which the contract was made, showing, according to regulations to be prescribed by the Secretary of the Treasury the articles so purchased by the United States, and liable to such subsequent duty, shall be taken and received, so far as the same is applicable, in discharge of such subsequent duties on articles so contracted to be delivered to the United States and actually delivered according to such contract.

SEC. 5. That in case a bill as described in section two of this act fails of enactment in the then current session of Congress, such bond as is required by section three shall be null and void.

SEC. 6. That the Secretary of the Treasury shall make all needful rules and regulations for carrying out the provisions of this act.

NOTE.—Supplementing the foregoing draft, the following are certain alternative suggestions:

APPENDIX I.—SUPPLEMENTAL TO SECTION 4.

This section, which might be section 5, and which would be supplementary to section 4, provides for the relief of purchasers under contract in the event of decreased duties or taxes. This feature appears in the English law but owing to the fact that decreased duties in the United States rarely take immediate effect, the commission does not regard this section as inherently necessary:

"SEC. 5. That whenever any customs duty or internal revenue tax is repealed or decreased, and such repeal or decrease made effective on a date fixed as provided by section two of this act, either by report of the Ways and Means Committee or by proclamation of the President, every person who, as purchaser prior to any such repeal or decrease of tax, shall have made any contract, without provision therein for the payment of duties or taxes imposed by law, enacted subsequent thereto, on articles to be delivered under such contract, is hereby authorized and empowered,

if the seller of the goods has had, or shall have, in respect to any such articles, the benefit of such repeal or decrease of such duty or tax, to deduct from the contract price a sum equal to the amount of duty or tax so repealed, or to the amount of the decrease of duty or tax, as the case may be, and where, under such circumstances, said deduction shall not be allowed, such purchaser shall be entitled by virtue hereof to be paid and to sue for and recover the same accordingly."

APPENDIX II.

The following section will be alternative to section 4 and supplemental section 5, should these two be rejected. It contemplates furnishing, through refund, relief to sellers under existing contracts, provided that the method provided in section 4 should be deemed either illegal or inadvisable. The call upon the Treasury to meet such situations, arising out of increased rates of tax, would not be long felt, for enactment of such legislation as is contemplated would naturally lead to the establishment of a custom whereby all contracts would contain a clause saving the parties making the contract from loss due to change of rates of customs duties or internal-revenue taxes.

Moreover, this section in providing for specific remedy only in the event of proof of loss, and that within 90 days of suffering such loss, would tend to restrict abuse of the privilege granted.

This section would obviously not as well serve to protect the revenues of the Government as would section 4, but it is submitted in view of the opinion, entertained by some, that section 4 might be considered as legislation to the impairment of existing contracts.

"SEC. 4. That any person who, prior to the date of the report of such bill to the House, shall, in good faith, have made contract to deliver any articles and who, by reason of new or increased customs duties or increased internal-revenue taxes shall under such contract suffer loss consisting of such increase, on furnishing satisfactory proof to the Secretary of the Treasury of loss accruing by reason of such increase shall be entitled to a refund to an amount not exceeding sufficient to compensate for such loss: *Provided*, That such satisfactory proof be furnished to the Secretary of the Treasury within ninety days after the date when such loss accrued. But in no event shall such payment for loss exceed the increase in customs duties or internal-revenue taxes on said articles."

APPENDIX III.

The section following refers solely to internal-revenue taxes. It eliminates the requirement for surety bonds to insure the collection of the increased taxes and substitutes a system of elaborate accounting by and detailed investigation of all those dealing in goods taxable under the terms of the act, such accounting to be as of the day following enactment. It would eliminate all passages in the foregoing general draft which refer to internal-revenue taxes.

In the imposition of taxes as intended by this section there should not be contemplated a collection of increased taxes on petty quantities of goods in the hands of small dealers. The respective quantities on which such immunity should be granted should be defined either (a) by regulations prescribed by the Secretary of the Treasury or (b) specifically stated in the bill itself. In the revenue legislation of 1898 the nontaxed minimum quantities of tobacco, cigars, cigarettes, and snuff were specified in the act. In the section which follows, this matter of immunity is left to be settled by Treasury regulations.

Under this alternative plan the Treasury would lose revenue as regards goods consumed prior to the passage of the revenue act, also of goods subdivided into less than the minimum taxable quantities, whether or not such subdivision of quantities were made with intent to evade the law.

The Treasury would sustain no loss, however, on goods in taxable quantities still in the channels of trade and successfully reached by the examinations and accounting of the internal-revenue officials.

"SEC. —. That all persons who, on the day succeeding the passage of an act increasing the internal-revenue taxes on commodities, shall have on hand for sale any goods or articles subject to such internal-revenue taxes, which have been removed from warehouse, or the place of manufacture, or a customhouse, on which there have been paid the internal-revenue taxes payable at the time of such removal, shall make a full and true return under oath in duplicate of the quantities on hand or in possession on such succeeding day in excess of such minimum quantities as shall be specified under regulations to be prescribed by the Secretary of the Treasury. The

Commissioner of Internal Revenue shall assess against such persons the amount of difference between the tax originally paid on such goods and articles and the tax at the rates prescribed in the act increasing such internal-revenue taxes."

APPENDIX IV.

It has been suggested that there may be times of emergency which would justify and require notice of intended changes of tax rates to be announced and prospective revenue to be protected by Executive proclamation. An instance would occur should the President issue call for a special session to consider revenue legislation. In such an event revenues would be protected by such notice as is outlined in the following section, under the power granted by that section.

"SEC. —. That the President of the United States, whenever in his judgment the safeguarding of the public interest so requires, may by proclamation fix a date on and after which all persons shall be liable for the payment of such import duties and internal-revenue taxes as are covered by this act, and on and after the date set forth in such proclamation the Secretary of the Treasury, as provided in section three of this act, may require on the withdrawal of merchandise for consumption or from warehouse, or removal from the factory or place of manufacture, of such dutiable and taxable articles as he shall from time to time designate, good and sufficient surety bonds to insure collection of new or increased customs duties and increases in internal revenue taxes as designated by subsequent enactment in the existing session of Congress or the session immediately succeeding such proclamation."

EXHIBITS.

EXHIBIT I.

INTERIM PERIODS OF THE LAST SEVEN TARIFF ACTS.

The following tabular statement indicates the usual length of the interval between the report of a revenue measure by the Ways and Means Committee of the House of Representatives and the final enactment of the bill into law:

TABLE 1.—*Length of interval between the report of the following bills from the Ways and Means Committee of the House of Representatives and their final enactment.*

Act.	Introduced in House of Representatives.	Effective.	Approximate interval.
Tariff act of 1883.....	Mar. 29, 1882 ¹	Mar. 4, 1883 ²	8 months.
Tariff act of 1890.....	Apr. 16, 1890	Oct. 6, 1890	6 months.
Tariff act of 1894.....	Dec. 19, 1893	Aug. 27, 1894	9 months.
Tariff act of 1897.....	Mar. 19, 1897	July 25, 1897	5 months.
Spanish War revenue act, 1898.....	Apr. 26, 1898	June 14, 1898	2 months.
Tariff act of 1909.....	Mar. 18, 1909	Aug. 6, 1909	5 months.
Tariff act of 1913.....	Apr. 22, 1913	Oct. 4, 1913	6 months.

¹ Introduced as an internal revenue bill but amended in the Senate and made a tariff measure, and reported to the Senate by the Finance Committee on July 6, 1882.

² Except that the section relating to sugar became effective June 1, 1883.

EXHIBIT II.

ARTIFICIAL INCREASES IN IMPORTS, ACT OF 1897.

The following tabular statement of some of the principal imports shows in detail the extent to which an artificial increase of importations was brought about by the then impending increase of duties:

TABLE 2.—*Imports of important articles for the 5 months from March to July, 1896, and the imports for the same months of 1897.*

Article.	Total value of imports during five months of—	
	1896	1897
Crude asphaltum.....	\$125,269	\$250,591
Chlorate of potash.....	186,782	315,926
Caustic soda.....	330,532	640,001
Sumac.....	61,320	152,281
Clocks, watches, and parts.....	523,531	709,936
Stockings, hose, etc.....	2,340,825	3,049,779
Laces, edgings, embroideries, etc.....	3,923,468	5,434,278
China and earthenware.....	3,917,210	4,686,038
Feathers and feather goods.....	1,700,443	2,335,977
Flax and tow.....	503,546	955,681
Cutlery.....	788,344	1,374,003
Kid and other leather gloves.....	1,993,295	3,446,943
Matting for floors.....	1,238,540	2,139,541
Oils—animal, mineral, vegetable.....	2,080,803	2,848,252
Manufactures of silk.....	8,618,350	12,681,340
Leaf tobacco wrappers.....	1,984,132	3,924,776
Boards, planks, etc.....	3,198,143	5,148,619
Wool.....	7,393,790	41,766,199
Manufactures of wool.....	14,192,645	30,477,110

EXHIBIT III.

EFFECT OF THE INTERIM, ACT OF 1897.

The source of the data used in the compilation of the following tabulation by schedules of the items of the tariff act of 1897 upon which the rates of duty were increased is the Monthly Summary of Finance and Commerce of the United States, of the Bureau of Statistics of the Treasury Department. In this compilation the quantities and values of the imports of each month of the principal items of imports are given, the remaining items being thrown into "All other." These items make a total of 273 separate tabulated items both free and dutiable. In the tariff law of 1897 there are a total of 705 paragraphs containing groups of specified articles, of which 463 were in the dutiable and 242 in the free list.

If the Monthly Summary reported the quantity and value of each of the articles in the 705 paragraphs the difficulties of calculation could be readily overcome, but the condensation of the less important items into groups of "All other" makes the calculations for the tabulations of this report less satisfactory and incomplete than would be the case if the specified rates of duty together with the quantity and value could be given for each article.

The Monthly Summary and this report give the details for 20 of the dutiable items of the total of 86 paragraphs in the chemical schedule, 15 items of the 34 paragraphs of the earthenware schedule, 3 items of the 5 paragraphs of the tobacco schedule, 6 items of the 13 paragraphs of spirits and wine, 7 items of the 21 paragraphs of the cotton schedule, 5 items of the 9 paragraphs of silk goods, etc.

The ascertaining of the effect of the change from an ad valorem rate in the tariff of 1894 to a specific rate or rates in the act of 1897, in order to determine if it was an increase in the duty, has been done in a careful and conservative manner. The following will serve as illustrations of the methods used in specific instances: The imports of indigo during the five months of 1897, as given in the Monthly Summary, totaled 2,133,351 pounds, having a value of \$1,025,741. These figures included without segregation or indication the totals of the free and dutiable imports. For the fiscal year from July 1, 1897, to June 30, 1898, it was ascertained that 89 per cent of the imports of indigo came in free and 11 per cent were dutiable, and that 95 per cent of the dutiable paid a rate of duty of $\frac{3}{4}$ cent per pound and 5 per cent a rate of duty of 10 cents per pound. Applying these proportions to the imports of the five months of 2,133,251 pounds, it was ascertained that the amount of duty that would have been collected was but \$2,845, a negligible amount.

The Monthly Reports for the item of crude asphaltum recorded simply the number of tons and total value. An examination of the tariff laws shows that it had been free under the law of 1894, but under the law of 1897 it was dutiable at three different rates, 50 cents per ton, \$1.50 per ton, and \$3 per ton. A further inspection and computation of the imports for the year established that 87.7 per cent of the total dutiable imports of the year were at \$1.50 per ton, 5.7 per cent at \$3 per ton, and 6.6 per cent at 50 cents per ton. Applying these figures to the 74,789 tons imported during the five months interim, it was calculated that \$98,385 would have been collected upon the ton-

nage dutiable at \$1.50 per ton, \$12,789 on the tonnage dutiable at \$3 per ton, and \$2,468 on the tonnage dutiable at 50 cents per ton, or a total amount of duty of \$113,642 on the entire tonnage.

It was found in a similar manner that 39 per cent of the art works came in free and 61 per cent dutiable and that 98 per cent of the latter was dutiable at 20 per cent ad valorem and 2 per cent at 15 per cent ad valorem.

Such items as 4,323,804 pounds of chlorate of potash imported during the 5 months' period, free under the law of 1894, and dutiable at 2½ cents per pound under the law of 1897 were simple calculations, and there were many such items. In such items as "All other chemicals" the average ad valorem rates for the fiscal years of 1897 and of 1898 were ascertained from the total values of this group of imports and the amount of duties collected for each of these years under the tariff acts of 1894 and 1897, respectively. Similar calculations were made for glass, cutlery, cotton manufactures, and others.

Below are found tables giving the details of the loss of revenue under the tariff act of 1897 because of the absence of interim legislation.

REVENUE LOST DURING INTERIM IN 1897.

TABLE 3.—Quantities, values, and amount of additional duty that would have been collected for the 5 months from March to July, inclusive, from date of reporting bill to House until the law became effective.

Sched- ule.	Classification.	Total value of imports.	Amount of ad- ditional duty that would have been collected.
A	Chemicals, oils, and paints.....	\$14,438,835	\$1,507,155
B	Earths, earthenware, and glassware.....	8,387,727	1,646,386
C	Metals, and manufactures of.....	8,860,176	1,054,033
D	Wood, and manufactures of.....	6,203,322	1,181,119
E	Sugar.....	49,838,018	18,607,109
F	Tobacco, and manufactures of.....	4,805,068	1,491,465
G	Agricultural products and provisions.....	11,857,295	2,516,555
H	Spirits, wines, and other beverages.....	5,081,039	689,523
I	Cotton manufactures.....	16,576,989	1,457,117
J	Flax, hemp, and jute, manufactures of.....	15,024,414	3,334,283
K	Wool, and manufactures of.....	72,240,006	37,470,364
L	Silk and silk goods.....	12,681,340	897,011
M	Pulp, paper, and books.....	1,475,886	221,383
N	Sundries.....	14,881,059	1,955,633
	Total.....	242,952,974	74,029,136

INTERIM LEGISLATION.

TABLE 4.—Articles on which rates of duty were increased by the tariff act of 1897, with amount of additional duty that would have been collected.

SCHEDULE A.—CHEMICALS, OILS, AND PAINTS.

Articles.	Rates of duty.				Units.	Imports, March to July, 1897, inclusive.		Amount of additional duty that would have been collected.
	Average ad valorem.		Actual.			Quantity.	Value.	
	Fiscal year 1897.	Fiscal year 1898.	Act of 1894.	Act of 1897.				
Argal or argol or crude tartar.			Free.	1c and 1½c.	Pounds.	12,412,815	\$1,015,615	\$179,986
Argols or wine leaves.			do.	1c and 1½c.	do.	65,039	5,124	93,334
Coal tar colors and dyes.			25% ad val.	30% ad val.	do.	3,340,027	1,866,672	93,334
Logwood, extracts and decoctions of.			10% ad val.	1c. per lb.	do.	2,133,351	154,419	13,783
Indigo.			Free.	1c and 10c.	do.	45,506,741	1,025,741	2,845
Chloride of lime or bleaching powder.			do.	1c. per lb.	do.	547,388	616,307	91,013
Opium, crude.			do.	1c. per lb.	do.	4,323,804	1,091,805	547,388
Potash, chloride of.			do.	2½c. per lb.	do.	8,445,248	315,926	108,095
Potash, all other.			do.	1-3- and 8c. per lb.	do.	37,766,235	236,022	4,451
Soda, caustic.			1c. per lb.	1c. per lb.	do.	8,402,630	640,001	94,416
Sol soda.			1c. per lb.	1c. per lb.	do.	72,214,685	541,221	6,302
Soda ash.			25% ad val.	1c. per lb.	do.	1,095,709	16,578	90,268
Soda, all other salts of.			10% ad val.	1c. per lb.	do.	12,194,731	152,281	21,356
Sumac, ground.					Gallons.	194,905	5,001,802	130,047
All other chemicals, etc.						28,119	2,356	3,356
Oils, mineral.	28.60% ad val.	31.20% ad val.				730,143	36,361	36,361
Paints, pigments, and colors.	27.53% ad val.	32.53% ad val.				338,216	19,853	19,853
Perfumeries, cosmetics, etc.	58.92% ad val.	64.79% ad val.				585,991	195,407	19,506
Soap.			35% ad val.	15c. per lb.	Pounds.	193,019	19,302	24,016
Fancy, perfumed, etc.			10% ad val.	20% ad val.	do.	240,155	240,155	24,016
All other.			10% ad val.	20% ad val.				
Sponges.								
Total.						14,438,885		1,507,155

SCHEDULE B.—EARTHS, EARTHENWARE, AND GLASSWARE.

Asphaltum or bitumen, crude.	25.93% ad val.	32.38% ad val.	Free.	Tons.	74,789	\$250,591	\$113,642
Clays or earths of all kinds.			do.	do.	47,973	315,822	20,213
China, porcelain, earthen, bisque, etc.			do.	do.			
Not decorated or ornamented.	30% ad val.	55% ad val.	do.	do.		860,518	215,130
Decorated or ornamented.	35% ad val.	60% ad val.	do.	do.		3,671,706	917,927
All other.	30 and 40% ad val.	55 and 60% ad val.	do.	do.		153,814	34,606

Glass and glassware:

Bottles, etc., empty or filled.....	40% ad val.	60% ad val.				340,281	60,856
Cylinder, crown, etc., unpollished.....	73.49% ad val.	85.34% ad val.				510,970	61,061
Cylinder, crown, polished—							
Unsilvered.....	22.46% ad val.	30.70% ad val.				742,623	14,276
Silvered.....	31.25% ad val.	36.44% ad val.				407,843	21,167
Plate glass—							
Fluted, rolled, or rough.....	35.31% ad val.	42.04% ad val.				8,265	556
Cast, polished, unsilvered.....	40.36% ad val.	47.34% ad val.				109,910	7,672
Cast, polished, silvered.....	23.85% ad val.	24.21% ad val.				7,248	26
All other.....		35% ad val.				988,219	98,822
Marble, and manufactures of.....	38.63% ad val.	50.36% ad val.				455,308	53,544
Stone, and manufactures of, including slate	25.23% ad val.	39.54% ad val.				124,990	17,886
Total.....						8,387,727	1,646,386

SCHEDULE C.—METALS AND MANUFACTURES OF.

Agricultural implements.....	Free.....	20% ad val.				\$6,302	\$1,260
Antimony ore and regulus or metal.....	do.....	1c. per lb.				111,890	1,480
Clocks and watches and parts of.....						799,898	93,712
Copper and manufactures of.....	35% ad val.	45% ad val.				31,583	3,158
Iron plate, tinnerplate, and tappers' tin.....	14c. per pound.....	14c. per pound.....				2,223,497	278,261
Iron and steel and manufactures of:							
Axe-hills.....	14c. per pound.....	14c. per pound.....				21,423	421
Chains.....	30% ad val.....	30% ad val.....				23,211	3,589
Cutlery.....						1,374,093	104,468
Files, file blanks, rasps, and floats.....						13,088	1,949
Firearms.....						386,238	54,575
Machinery.....	35% ad val.....	45% ad val.....				510,092	51,009
All other.....	35% ad val.....	35% ad val.....				553,315	55,332
Lead and manufactures of.....						899,899	124,404
Metals, metal compositions, and manufac-						1,845,952	184,595
tures of.....	35% ad val.....	45% ad val.....					
Zinc or spelter and manufactures of.....						43,227	3,889
Total.....						8,860,176	1,054,033

SCHEDULE D.—WOOD AND MANUFACTURES OF.

Wood and manufactures of:							
Unmanufactured—							
Timber, hewn, etc.....	Free.....	8.39% ad val.....				5,409	\$7,204
Lumber—							
Boards, planks, etc.....	do.....	21.09% ad val.....				452,251	1,085,844
Other lumber.....	do.....	16.81% ad val.....				75,105	12,625

TABLE 4.—Articles on which rates of duty were increased by the tariff act of 1897, with amount of additional duty that would have been collected—Contd.

Articles.	Rates of duty.				Units.	Imports, March to July, 1897, inclusive.		Amount of duty that would have been collected.
	Average ad valorem.		Actual.			Quantity.	Value.	
	Fiscal year 1897.	Fiscal year 1898.	Act of 1894.	Act of 1897.				
Wood and manufactures of.—Continued.								
Manufactures of—								
Cabinet ware or house furniture.			25% ad val.	35% ad val.	Tons.			\$6,094
Wood pulp.			10% ad val.	12.5% ad val.		9,380		3,545
All other.			25% ad val.	35% ad val.				63,777
Total.							6,203,322	1,181,119
SCHEDULE E.—SUGAR.								
Sugar, molasses, and confectionery:								
Molasses.	11.22% ad val.	19.45% ad val.			Gallons.	115,799	\$6,539	\$542
Sugar—								
Not above 16 Dutch standard—								
Beet.	40% ad val.	78.53% ad val.			Pounds.	1,174,202,841	20,525,388	7,908,432
Cane and other.	40% ad val.	78.53% ad val.			do.	1,357,870,591	26,117,237	10,062,971
Above 16 Dutch standard—								
Beet, cane, and other.	47.09% ad val.	66.99% ad val.			do.	133,730,085	3,180,303	633,834
Confectionery.	35% ad val.	50.65% ad val.					8,501	1,330
Total sugar.					Pounds.	2,665,803,517	49,838,018	18,607,109
SCHEDULE F.—TOBACCO AND MANUFACTURES OF.								
Tobacco:								
Leaf—								
Suitable for cigar wrappers.	\$1.50 per pound.	\$1.85 per pound.			Pounds.	3,949,394	\$3,924,776	\$1,362,288
Manufactures of—								
Cigars, cigarettes, etc.	\$4 pr. lb. + 25% ad val.	\$4.50 per lb. + 25% ad val.			do.	184,015	843,650	92,007
All other.	40c per pound.	55c. per pound.			do.	114,467	37,242	17,170
Total.						4,247,876	4,805,668	1,491,465

TABLE 4.—Articles on which rates of duty were increased by the tariff act of 1897, with amount of additional duty that would have been collected—Contd.

SCHEDULE H.—SPIRITS, WINES, AND OTHER BEVERAGES.

Articles.	Rates of duty.				Units.	Imports, March to July, 1897, inclusive.		Amount of duty that would have been collected.
	Average ad valorem.		Actual.			Quantity.	Value.	
	Fiscal year 1897.	Fiscal year 1898.	Act of 1894.	Act of 1897.				
Malt liquors:								
In bottles and jugs.....			30c. per gal.....	40c. per gal.....	gallons.....	537, 199	\$571, 806	\$53, 720
In other coverings.....			15c. per gal.....	20c. per gal.....	do.....	763, 190	209, 411	38, 410
Spirits distilled:								
Brandy.....			\$1.80 per proof gal.	\$2.25 per proof gal.	Proof gallons..	204, 240	555, 030	91, 908
All other.....			\$1.80 per proof gal.	\$2.25 per proof gal.	do.....	1, 014, 826	1, 215, 357	456, 672
Wines:								
Champagne and other sparkling.....	53.79% ad val.	54.98% ad val.			Dozens.....	80, 155	1, 182, 085	12, 655
Still.....	45.43% ad val.	47.03% ad val.				1, 704, 469	1, 947, 350	31, 158
Total.....							5, 681, 639	689, 523

SCHEDULE I.—COTTON MANUFACTURES.

Cotton:							
Manufactures of—							
Cloth, not bleached, dyed, colored, etc.....				Square yards.....	873, 747	\$75, 884	.....
Bleached, dyed, colored, etc.....				do.....	14, 638, 895	1, 709, 691	.....
Clothing, ready-made, etc.....						1, 194, 498	.....
Knit goods, stockings, hose, etc.....						3, 049, 779	.....
Laces, edgings, embroidery, etc.....						5, 434, 278	.....
Thread, not on spools, yarns, warps, etc.....				Pounds.....	941, 868	354, 767	.....
All other manufactures.....						4, 758, 102	.....
Total.....	45.99%	54.78% ad val.				16, 576, 989	\$1, 457, 117

SCHEDULE J.—FLAX, HEMP, AND JUTE, MANUFACTURES OF.

Fibers, vegetable, etc., and manufactures of:	Free.	\$20 per ton.	Tons.	\$955,681
Flax, and tow of.....	Free.	\$20 per ton.	.....do.	423,249
Flax, barked.....	Free.	\$20 per ton.	.....do.	337,793
Hemp, and tow of.....	Free.	\$20 per ton.	.....do.	2,621
Hemp, barked.....	Free.	\$20 per ton.	.....do.	2,524
Begging, gunny cloth, etc.	Free.	\$20 per ton.	.....do.	238,394
Cables, cordage, twine, n. e. s.	Free.	\$20 per ton.	.....do.	6,865,044
Yarns or threads.....	Free.	\$20 per ton.	.....do.	119,787
All other.....	Free.	\$20 per ton.	.....do.	897,946
Matting for floors.....	Free.	\$20 per ton.	.....do.	10,660,922
Total.....	Free.	\$20 per ton.	.....do.	2,139,541
				15,024,414
				3,334,283

SCHEDULE K.—WOOL, AND MANUFACTURES OF.

Wools, hair of the camel, goat, alpaca, etc., and manufactures of:	Free.	64.47% ad val.	111.50% ad val.	Pounds.	\$15,033,593
Unmanufactured—					
Class 1—					
Clothing wool in the grease.....	Free.	64.47% ad val.	111.50% ad val.	146,751,462	\$23,318,742
Class 2—					
Combing in the grease.....	.....do.	55.01% ad val.	45.65% ad val.	20,316,832	5,440,203
Class 3—					
Combing, scoured.....	.....do.	55.01% ad val.	45.65% ad val.	33,313,367	6,235,349
Carpet wool in the grease.....	.....do.	42.93% ad val.	121.05% ad val.	246,959	53,665
Carpet wool, scoured.....	.....do.	42.93% ad val.	121.05% ad val.	61,840,057	6,586,754
Total.....	.....do.	42.93% ad val.	121.05% ad val.	1,219,240	131,386
				293,687,917	41,766,199
					27,540,814
Manufactures of wool:					
Carpets and carpeting.....	39.80% ad val.	57.97% ad val.		226,158	438,869
Clothing, shawls, knit goods, etc.	44.85% ad val.	73.03% ad val.		599,185	599,185
Cloths.....	47.74% ad val.	78.70% ad val.		10,661,192	10,661,192
Dress goods, women's and children's.	49.25% ad val.	91.93% ad val.		13,273,248	9,396,536
Knit fabrics.....	46.67% ad val.	102.74% ad val.		1,276,760	1,276,760
Shoddy, mungo, flocks, etc.	19.74% ad val.	27.61% ad val.		39,784,945	5,878,514
Yarns.....	38% ad val.	105.36% ad val.		1,293,016	662,893
All other.....	47.35% ad val.	94.19% ad val.			1,560,458
Total.....				30,474,407	9,928,550

India rubber, manufactures of.....		25% ad val.	30% ad val.	146,633	7,332
Jewelry, and manufactures of gold and silver.....		35% ad val.	60% ad val.	311,063	77,773
Band or belting or sole leather.....		10% ad val.	20% ad val.	50,846	5,085
Gloves of kid or other leather.....	34.43% ad val.	49.51% ad val.		3,446,943	519,799
All other manufactures of leather.....		30% ad val.	35% ad val.	210,904	10,545
Musical instruments.....		25% ad val.	45% ad val.	511,305	102,261
Pipes and smokers' articles.....	42.48% ad val.	58.70% ad val.		179,166	29,061
Toys.....		25% ad val.	35% ad val.	1,522,116	152,212
Total.....				14,881,099	1,935,633

EXHIBIT IV.

EFFECT OF THE INTERIM, ACT OF 1909, ON CHAMPAGNE.

The President was authorized, by section 3 of the tariff act of 1897, to negotiate commercial agreements with foreign countries and to grant, in return for concessions from them, preferential duties on certain articles enumerated in the tariff act. By virtue of this power an additional commercial agreement was negotiated with France and signed January 28, 1908, granting a preferential rate on champagne and other sparkling wines coming from France.

The tariff act of 1897 provided, in section 295, for a duty on champagne and other sparkling wines, as follows:

295. Champagne and all other sparkling wines, in bottles containing each not more than one quart and more than one pint, eight dollars per dozen; containing not more than one pint each and more than one-half pint, four dollars per dozen; containing one-half pint each or less, two dollars per dozen; in bottles or other vessels containing more than one quart each, in addition to eight dollars per dozen bottles, on the quantity in excess of one quart, at the rate of two dollars and fifty cents per gallon; but no separate or additional duty shall be levied on the bottles.

The commercial agreement with France, referred to above, has the following clause relating to champagne and sparkling wines:

On champagne and all other sparkling wines, in bottles containing not more than one quart and more than one pint, six dollars per dozen; containing not more than one pint each and more than one-half pint, three dollars per dozen; containing one-half pint each or less, one dollar and fifty cents per dozen; in bottles or other vessels containing more than one quart each, in addition to six dollars per dozen bottles on the quantities in excess of one quart, at the rate of one dollar and ninety cents per gallon.¹

Section 4 of the tariff act of 1909 provides as follows:

That the President shall have power and it shall be his duty to give notice, within ten days after the passage of this act, to all foreign countries with which commercial agreements in conformity with the authority granted by section three of the act entitled "An act to provide revenue for the Government and to encourage the industries of the United States," approved July twenty-fourth, eighteen hundred and ninety-seven, have been or shall have been entered into, of the intention of the United States to terminate such agreement at a time specified in such notice, which time shall in no case, except as hereinafter provided, be longer than the period of time specified in such agreements, respectively, for notice of their termination, and upon the expiration of the periods when such notice of termination shall become effective the suspension of duties provided for in such agreements shall be revoked, and thereafter importations from said countries shall be subject to no other conditions or rates of duty than those prescribed by this act and such other acts of Congress as may be continued in force: *Provided*, That until the expiration of the period when the notice of intention to terminate hereinbefore provided for shall have become effective, or until such date prior thereto as the high contracting parties may by mutual consent select, the terms of said commercial agreements shall remain in force: *And provided further*, That in the case of those commercial agreements or arrangements made in accordance with the provisions of section three of the tariff act of the United States, approved July twenty-fourth, eighteen hundred and ninety-seven, which contain no stipulations in regard to their termination by diplomatic action, the President is authorized to give to the Governments concerned a notice of termination of six months, which notice shall date from April thirtieth, nineteen hundred and nine.

Carrying out the provisions of section 4 of the tariff act of 1909, the Secretary of State addressed a letter to the Secretary of Commerce and Labor under date of August 10, 1909, notifying him of the termination of various commercial agreements, and among the agree-

¹ Malloy, *Treaties, Conventions, International Acts, Protocols, and Agreements between the United States and Other Powers, 1776-1909*, vol. 1, p. 548.

ments terminated were the ones with France. The letter reads in part as follows:

The Government of France was notified that the commercial agreement of May 28, 1898, the amendatory and additional agreement of August 20, 1902, and the additional commercial agreement of January 28, 1908, would be terminated at the expiration of six months dating from April 30, 1909, namely, on October 31, 1909.

Below will be found a table showing the loss of revenue to the Government under the operation of the commercial agreement and the tariff act of 1909 referred to above:

TABLE 5.—*The effect of the interim from March, 1909, to date of termination of commercial agreement on Oct. 31, 1909, when tariff rates of act of Aug. 5, 1909, became effective, upon the importation of champagne.*

Articles.	Average ad valorem rates of duty 1—		Imports, March, 1909, to October, 1909, inclusive.		Amount of additional duty that would have been collected.
	Under commercial agreement.	At regular tariff rates at termination of agreement.	Quantity.	Value.	
Champagne and other sparkling wines in bottles:			<i>Doz. qts.</i>		
March.....			24,813	\$399,764	
April.....			49,281	807,291	
May.....			84,937	1,418,911	
June.....			44,804	748,869	
July.....			24,796	350,588	
August.....	France..... 37.11	59.71	14,660	246,117	
September.....	Germany..... 59.40	59.71	50,176	860,622	
October.....	All other..... 49.44	59.71	147,224	2,414,043	
Total, 8 months.....	37.77	59.71	440,691	7,246,205	\$1,610,843

¹ Ad valorem rates for 1909 were computed on imports and duties for the fiscal year ending June 30, 1909. Ad valorem rates for 1910 were computed on imports and duties for the fiscal year ending June 30, 1910, but not until after deducting imports and duties under old rates and imports and duties under reciprocity with France and Germany to Oct. 31, 1909.

COMPARATIVE STATEMENT OF IMPORTS.

Articles.	1909. Imports from date bill was reported to House to termination of agreement on Oct. 31, 1909.		1908. Imports, March to October, inclusive.		1910. Imports, March to October, inclusive.	
	Quantity.	Value.	Quantity.	Value.	Quantity.	Value.
Champagne and other sparkling wines in bottles:	<i>Doz. qts.</i>		<i>Doz. qts.</i>		<i>Doz. qts.</i>	
March.....	24,813	\$399,764	14,330	\$214,261	85,683	\$1,414,166
April.....	49,281	807,291	34,493	538,098	6,233	98,783
May.....	84,937	1,418,911	22,416	358,281	8,036	127,554
June.....	44,804	748,869	31,430	502,082	9,609	153,534
July.....	24,796	350,588	12,090	178,327	9,573	143,042
August.....	14,660	246,117	9,972	145,193	4,327	63,327
September.....	50,176	860,622	18,230	275,215	3,152	49,879
October.....	147,224	2,414,043	40,043	410,393	17,886	302,507
Total, 8 months.....	440,691	7,246,205	183,004	2,621,850	144,499	2,352,792
Average imports per month, value.....		905,776		327,731		294,099

TABLE 5.—*The effect of the interim from March, 1909, to date of termination of commercial agreement on Oct. 31, 1909, when tariff rates of act of Aug. 5, 1909, become effective, upon the importation of champagne—Continued.*

	Per cent.	Value.	Amount of additional duty that would have been collected.
Imports from France (average ad valorem difference in old and new rates).....	22.60	\$7,098,589	\$1,604,281
Imports from Germany (average ad valorem difference in old and new rates).....	.31	86,323	268
Imports from all other (average ad valorem difference in old and new rates).....	10.27	61,293	6,294
Total.....	21.94	7,246,205	1,610,843

CORPORATIVE RATES UNDER ACT OF 1897, THE COMMERCIAL AGREEMENT, AND ACT OF 1909.

Champagnes and all other sparkling wines.	Tariff act of 1897.	Commercial agreement with France, etc.	Tariff act of 1909.
In bottles containing not more than 1 quart and more than 1 pint.....per dozen..	\$8.00	\$6.00	\$9.60
In bottles containing not more than 1 pint and more than one-half pint.....per dozen..	4.00	3.00	4.80
In bottles containing one-half pint each or less.....do.....	2.00	1.50	2.40
In quantities in excess of 1 quart.....per gallon..	2.50	1.90	3.00

EXHIBIT V.

EFFECT OF INTERIM ON INTERNAL REVENUE, 1894 TO 1910.

Below will be found a table summarizing the data relating to the loss of revenue on distilled spirits under the internal-revenue act of 1893-94:

TABLE 6.—*Gallons of distilled spirits withdrawn Dec. 19, 1892, to Aug. 27, 1893, and Dec. 19, 1893, to Aug. 27, 1894.*

Month.	1892-3	1893-4
December 19-31.....	<i>Gallons.</i> 6,207,433	<i>Gallons.</i> 4,854,728
January.....	8,434,855	7,440,522
February.....	7,556,831	7,891,829
March.....	8,369,241	8,517,502
April.....	7,632,515	6,860,826
May.....	8,174,169	7,441,390
June.....	7,010,540	8,111,585
July.....	6,336,979	19,077,813
August 1-27.....	4,896,818	22,274,494
Total.....	64,619,381	92,470,689

Increase in second period, 27,851,308 gallons.

The tax on the distilled spirits withdrawn from December 19, 1893, to August 27, 1894, at the old and new rates, was as follows: 92,470,689 gallons, at \$1.10 per gallon (new rate), \$101,717,758; at 0.925 cent per gallon (old rate), \$83,494,138; difference, \$18,223,620.

Below will be found a table summarizing the loss of revenue on manufactured tobacco under the Spanish War revenue act of 1898:

TABLE 7.—*Pounds of manufactured tobacco withdrawn Apr. 26 to June 13, 1897 and 1898*

	1897	1898
Apr. 26-30.....	3,761,922	6,100,858
May.....	24,418,495	34,630,494
June 1-13.....	12,383,742	14,439,005
Total.....	40,564,159	55,170,357

Increase in second period, 14,606,198 pounds.

The tax on manufactured tobacco withdrawn from April 26 to June 13, 1898, at the old and new rates, was as follows: 55,170,357 pounds, at 12 cents per pound (new rate), \$6,620,442; at 6 cents per pound (old rate), \$3,310,221; difference, \$3,310,221.

The tax rate effective June 14, 1898, being double what it had been previously, the withdrawals during the previous seven weeks were 14,606,198 pounds, or 36 per cent more than during the corresponding period in 1897.

Below will be found a summary table showing the loss of revenue on fermented liquors, manufactured tobacco, snuff, cigars, and cigarettes because of the lack of interim legislation effective prior to the Spanish War revenue act of 1898.

TABLE 8.—*Tax at old and new rates on withdrawals, Apr. 26 to June 13, 1898.*

Article.	At old rates.	At new rates.	Difference.
Fermented liquors.....	\$5,304,064	\$9,812,518	\$4,508,454
Manufactured tobacco.....	3,310,221	6,620,442	3,310,221
Snuff.....	178,661	357,322	178,661
Cigars, large.....	2,005,608	2,406,729	401,121
Cigarettes, large.....	1,026	1,231	205
Cigarettes, small.....	608,621	912,932	304,311
Total.....	11,408,201	20,111,174	8,702,973

Below are given tables showing in detail the loss of revenue because of the absence of interim legislation under the revenue acts of 1893-94 and the revenue act of 1898:

TABLE 9.—*Internal-revenue acts, 1875 to 1914.*

[With dates of acts imposing tax and rate of tax.]

Dates of acts.	Dis-tilled spirits (per gallon).	Fer-mented liquors (per barrel).	Manu-fac-tured tobacco (per pound).	Snuff (per pound).	Cigars.		Cigarettes.	
					Over 3 pounds per M. (per M.).	Three pounds or less per M. (per M.).	Over 3 pounds per M. (per M.).	Three pounds or less per M. (per M.).
1875.....	\$0.90							
1886.....		\$0.92 ³						
1893.....			\$0.08	\$0.08	\$3.00	\$3.00	\$6.00	\$1.75
Acts:								
Reported to House Apr. 16, 1890; approved Oct. 1, 1890; effective Jan. 1, 1891.....	(1)	(1)	.06	.06	(1)	(1)	(1)	(1)
Reported to House Dec. 19, 1893; approved Aug. 15, 1894 (Wilson Act); effective Aug. 28, 1894 (without President Cleveland's approval).....	1.10	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Reported to House Mar. 19, 1897; approved July 24, 1897 (Dingley Act); effective July 25, 1897.....	(1)	1.00	(1)	(1)	3.00	1.00	3.00	1.00
Reported to House Apr. 26, 1898; approved June 13, 1898 (Span- ish War revenue act); effective June 14, 1898.....	(1)	1.85	.12	.12	3.60	1.00	3.60	1.50
Reported to House Dec. 7, 1900; approved Mar. 2, 1901; effective July 1, 1901.....	(1)	1.60	.09 ¹ / ₁₆	.09 ¹ / ₁₆	3.00	.54	3.60	{ \$ 1.54 \$ 1.08
Reported to House Feb. 3, 1902; approved Apr. 12, 1902; effec- tive July 1, 1902.....	(1)	1.00	.06	.06	3.00	.54	3.00	{ \$ 1.54 \$ 1.08
Reported to House Mar. 18, 1909; approved Aug. 5, 1909 (Payne Act); effective July 1, 1910.....	(1)	(1)	.08	.08	3.00	.75	3.60	1.25
Reported to House Sept. 22, 1914; approved Oct. 22, 1914; effec- tive Oct. 23, 1914.....	(1)	1.50	(1)	(1)	(1)	(1)	(1)	(1)

¹ No change in rates.

² Value \$2 or less per thousand.

³ Value more than \$2 per thousand.

TABLE 10.—*Withdrawals Dec. 19, 1892, to Aug. 27, 1893, and Dec. 19, 1893, to Aug. 27, 1894.*

SPIRITS DISTILLED FROM FRUITS.

	Dec. 19, 1892, to Aug. 27, 1893. (Gallons.)	Dec. 19, 1893, to Aug. 27, 1894.			Difference.
		Gallons.	Tax at 90 cents.	Tax at \$1.10.	
Dec. 19 to Dec. 31.....	120,650	99,256	\$89,330	\$100,182	\$19,852
January.....	147,430	139,453	125,508	153,398	27,890
February.....	143,572	148,394	133,555	163,233	29,678
March.....	163,340	156,981	141,283	172,679	31,396
April.....	125,662	119,616	107,654	131,578	23,924
May.....	101,140	109,850	98,865	120,835	21,970
June.....	79,572	74,861	67,375	82,347	14,972
July.....	50,957	125,988	113,389	138,587	25,198
Aug. 1 to 27.....	43,256	457,067	411,860	502,774	91,414
Total.....	975,579	1,128,466	1,288,319	1,574,613	286,294

TABLE 10.—*Withdrawals Dec. 19, 1892, to Aug. 27, 1893, and Dec. 19, 1893, to Aug. 27, 1894—Continued.*

SPIRITS DISTILLED FROM MATERIALS OTHER THAN FRUITS.

	Dec. 19, 1892, to Aug. 27, 1893. (Gallons.)	Dec. 19, 1893, to Aug. 27, 1894.			Difference.
		Gallons.	Tax at 90 cents.	Tax at \$1.10.	
Dec. 19 to Dec. 31.....	6,086,783	4,755,472	\$4,279,924	\$5,231,019	\$951,095
January.....	8,287,425	7,301,069	6,570,962	8,031,176	1,460,214
February.....	7,413,259	7,743,435	6,969,092	8,517,779	1,548,687
March.....	8,205,901	8,300,521	7,524,469	9,196,573	1,672,104
April.....	7,506,853	6,741,210	6,067,089	7,415,331	1,348,242
May.....	8,073,029	7,331,540	6,598,386	8,064,694	1,466,308
June.....	6,930,968	8,036,724	7,233,051	8,840,396	1,607,345
July.....	6,296,022	18,951,825	17,056,643	20,847,008	3,790,365
Aug. 1 to 27.....	4,853,562	21,817,427	19,635,084	23,999,170	4,363,486
Total.....	63,643,802	91,039,223	81,935,300	100,143,146	18,207,846

SUMMARY.

Dec. 19 to Dec. 31.....	6,207,433	4,854,728	\$4,369,254	\$5,340,301	\$970,947
January.....	8,434,855	7,440,522	6,696,470	8,184,574	1,488,104
February.....	7,556,831	7,891,829	7,102,647	8,681,012	1,578,365
March.....	8,369,241	8,517,502	7,665,752	9,369,252	1,708,500
April.....	7,632,515	6,860,826	6,174,743	7,546,909	1,372,166
May.....	8,174,169	7,441,390	6,697,251	8,185,529	1,488,278
June.....	7,010,540	8,111,585	7,300,426	8,922,743	1,622,317
July.....	6,336,979	19,077,813	17,170,032	20,985,595	3,815,563
Aug. 1 to 27.....	4,896,818	22,274,494	20,047,045	24,501,943	4,454,898
Total.....	64,619,381	92,470,689	83,223,620	101,717,758	18,494,138

TABLE 11.—*Withdrawals Apr. 26 to June 13, 1897-98.*

FERMENTED LIQUORS.

	1897, barrels.	1898			Difference.
		Barrels.	Tax at \$1. ¹	Tax at \$1.85.	
Apr. 26 to 30.....	470,908	540,085	\$540,085	\$999,157	\$459,072
May.....	3,109,848	3,121,073	3,121,073	5,773,985	2,652,912
June 1 to 13.....	1,575,639	1,642,906	1,642,906	3,039,376	1,396,470
Total.....	5,156,395	5,304,064	5,304,064	9,812,518	4,508,454

¹ Tax to July 24, 1897, was 92½ cents per barrel, but is here computed at \$1, the rate in effect from July 24, 1897, to June 14, 1898.

MANUFACTURED TOBACCO.

	1897, pounds.	1898			Difference.
		Pounds.	Tax at \$0.06.	Tax at \$0.12.	
Apr. 26 to 30.....	3,761,922	6,100,858	\$366,051	\$732,102	\$366,051
May.....	24,418,495	34,630,494	2,077,830	4,155,660	2,077,830
June 1 to 13.....	12,383,742	14,439,005	866,340	1,732,680	866,340
Total.....	40,564,159	55,170,357	3,310,221	6,620,442	3,310,221

SNUFF.

Apr. 26 to 30.....	188,977	273,336	\$16,400	\$32,800	\$16,400
May.....	1,024,055	1,940,312	116,419	232,838	116,419
June 1 to 13.....	496,955	764,037	45,842	91,684	45,842
Total.....	1,709,987	2,977,685	178,661	357,322	178,661

TABLE 11.—*Withdrawals Apr. 26 to June 13, 1897-98—Continued.*

CIGARS OVER 3 POUNDS PER THOUSAND.

	1897, thousands.	1898			
		Thousands.	Tax at \$3.	Tax at \$3.60.	Difference.
Apr. 26 to 30.....	55,872	87,124	\$261,372	\$313,646	\$52,274
May.....	340,378	330,545	1,141,635	1,369,962	228,327
June 1 to 13.....	158,875	200,867	602,601	723,121	120,520
Total.....	555,125	668,536	2,005,608	2,406,729	401,121

CIGARS 3 POUNDS OR LESS PER THOUSAND.

	1897, thousands.	1898			
		Thousands.	Tax at \$1. ¹	Tax at \$1.	Difference.
Apr. 26 to 30.....		8,777	\$8,777	\$8,777	
May.....		31,629	31,629	31,629	
June 1 to 13.....		15,069	15,069	15,069	
Total.....		55,475	55,475	55,475	

¹ Tax to July 24, 1897, was \$3 per thousand on both large and small cigars, but is here computed at \$1, the rate in effect from July 24, 1897, to June 14, 1898.

CIGARETTES OVER 3 POUNDS PER THOUSAND.

	1897, thousands.	1898			
		Thousands.	Tax at \$3. ²	Tax at \$3.60.	Difference.
Apr. 26 to 30.....	27	43	\$129	\$155	\$26
May.....	148	196	588	705	117
June 1 to 13.....	63	103	309	371	62
Total.....	238	342	1,026	1,231	205

² Tax to July 24, 1897, was \$6 per thousand, but is here computed at \$3, the rate in effect from July 24, 1897, to June 14, 1898.

CIGARETTES 3 POUNDS OR LESS PER THOUSAND.

	1897, thousands.	1898			
		Thousands.	Tax at \$1. ³	Tax at \$1.50.	Difference.
Apr. 26 to 30.....	23,609	48,474	\$48,474	\$72,711	\$24,237
May.....	187,173	385,965	385,965	578,948	192,983
June 1 to 13.....	93,421	174,182	174,182	261,273	87,091
Total.....	304,203	608,621	608,621	912,932	304,311

³ Tax to July 24, 1897, was \$1.75 per thousand, but is here computed at \$1: the rate in effect from July 24, 1897, to June 14, 1898.

TABLE 11.—*Withdrawals Apr. 26 to June 13, 1897-98—Continued.*

RECAPITULATION.

	1897, quantity.	1898			
		Quantity.	Tax.	Tax.	Difference.
Formented liquors.....barrels..	5, 156, 395	5, 304, 064	at \$1 ¹ 5, 304, 064	at \$1. 85 9, 812, 518	4, 508, 454
Manufactured tobacco.....pounds..	40, 564, 159	55, 170, 357	at \$0. 06 3, 310, 221	at \$0. 12 6, 620, 442	3, 310, 221
Snuff.....do.....	1, 709, 987	2, 977, 685	at \$0. 06 178, 661	at \$0. 12 357, 322	178, 661
Cigars over 3 pounds per thousand, thou- sands.....	555, 125	668, 536	at \$3 2, 005, 608	at \$3. 60 2, 406, 729	401, 121
Cigars 3 pounds or less, per thousand, thousands.....		55, 475	at \$1 ² 55, 475	at \$3. 60 55, 475	
Cigarettes over 3 pounds....per thousand..	238	342	at \$3 ³ 1, 026	at \$1. 50 1, 231	205
Cigarettes, 3 pounds or less.....do.....	304, 203	608, 621	at \$1 ⁴ 608, 621	at \$1. 231 912, 932	304, 311
Total.....			11, 463, 676	20, 166, 649	8, 702, 973

¹ Tax to July 24, 1897, was 92½ cents per barrel, but is here computed at \$1, the rate in effect from July 24, 1897, to June 14, 1898.

² Tax to July 24, 1897, was \$3 per thousand on both large and small cigars, but is here computed at \$1, the rate in effect from July 24, 1897, to June 14, 1898.

³ Tax to July 24, 1897, was \$6 per thousand, but is here computed at \$3, the rate in effect from July 24, 1897, to June 14, 1898.

⁴ Tax to July 24, 1897, was \$1.75 per thousand, but is here computed at \$1, the rate in effect from July 24, 1897, to June 14, 1898.

TABLE 12.—*Withdrawals Mar. 18, 1908, to June 30, 1909, and Mar. 18, 1909, to June 30, 1910.*

MANUFACTURED TOBACCO.

	Mar. 18, 1908, to June 30, 1909, pounds.	Mar. 18, 1909, to June 30, 1910—			
		Pounds.	Tax 6 cents pound.	Tax 8 cents pound.	Difference.
Mar. 18-31.....	18, 973, 872	20, 470, 338	1, 228, 220	1, 637, 627	409, 407
April.....	32, 212, 270	32, 064, 419	1, 923, 865	2, 565, 154	641, 289
May.....	32, 064, 792	31, 675, 360	1, 900, 522	2, 534, 029	633, 507
June.....	30, 695, 108	34, 498, 204	2, 069, 892	2, 759, 856	689, 964
July.....	32, 340, 893	34, 237, 973	2, 054, 278	2, 739, 038	684, 760
August.....	33, 076, 364	34, 778, 977	2, 086, 739	2, 782, 318	695, 579
September.....	34, 071, 554	34, 597, 793	2, 075, 868	2, 767, 823	691, 955
October.....	33, 591, 514	33, 445, 664	2, 006, 740	2, 675, 653	668, 913
November.....	29, 058, 501	34, 189, 472	2, 051, 368	2, 735, 158	683, 790
December.....	30, 683, 480	32, 553, 963	1, 953, 238	2, 604, 317	651, 079
January.....	32, 222, 644	32, 950, 096	1, 977, 006	2, 636, 008	659, 002
February.....	30, 219, 904	33, 672, 984	2, 020, 379	2, 693, 839	673, 460
March.....	35, 254, 483	38, 198, 210	2, 291, 893	3, 055, 857	763, 964
April.....	32, 064, 419	37, 523, 473	2, 251, 408	3, 001, 878	750, 470
May.....	31, 675, 360	41, 004, 868	2, 460, 292	3, 280, 389	820, 097
June.....	34, 498, 204	49, 687, 551	2, 981, 253	3, 975, 004	993, 751
Total.....	502, 703, 362	555, 549, 345	33, 332, 961	44, 443, 948	11, 110, 987

SNUFF.

Mar. 18-31.....	1, 255, 932	1, 538, 244	92, 295	123, 059	30, 764
April.....	2, 053, 440	2, 496, 581	149, 795	199, 726	49, 931
May.....	1, 761, 727	2, 247, 285	134, 837	179, 783	44, 946
June.....	1, 933, 539	2, 173, 525	130, 411	173, 882	43, 471
July.....	2, 132, 529	2, 075, 299	124, 518	166, 024	41, 506
August.....	1, 804, 448	2, 169, 950	130, 197	173, 596	43, 399
September.....	2, 444, 713	2, 587, 154	155, 229	206, 972	51, 743
October.....	2, 257, 894	2, 454, 577	147, 275	196, 366	49, 091
November.....	1, 906, 720	2, 443, 654	146, 619	195, 492	48, 873
December.....	2, 038, 331	2, 525, 332	151, 520	202, 027	50, 507
January.....	2, 205, 258	2, 408, 985	144, 539	192, 719	48, 180
February.....	2, 663, 148	2, 901, 994	174, 120	232, 160	58, 040
March.....	2, 649, 196	3, 487, 127	209, 228	278, 970	69, 742
April.....	2, 496, 581	2, 931, 024	175, 861	234, 482	58, 621
May.....	2, 247, 287	2, 885, 901	173, 154	230, 872	57, 718
June.....	2, 173, 525	3, 139, 047	188, 343	251, 124	62, 781
Total.....	34, 024, 263	40, 465, 677	2, 427, 941	3, 237, 254	809, 313

TABLE 12.—*Withdrawals Mar. 18, 1908, to June 30, 1909, and Mar. 18, 1909, to June 30, 1910—Continued.*

CIGARS, 3 POUNDS OR LESS.

	Mar. 18, 1908, to June 30, 1909, thousands.	Mar. 18, 1909, to June 30, 1910—			Difference.
		Thousands.	Tax 54 cents per thousand.	Tax 75 cents per thousand.	
Mar. 18-31.....	61,812	52,740	28,480	39,555	11,075
April.....	92,758	88,470	47,774	66,313	18,577
May.....	99,738	88,964	48,040	66,723	18,683
June.....	91,557	90,253	48,736	67,690	18,954
July.....	85,803	92,643	50,027	69,482	19,455
August.....	86,169	85,475	46,157	64,106	17,949
September.....	88,869	83,763	45,232	62,822	17,590
October.....	91,584	90,197	49,706	67,648	18,942
November.....	80,915	92,718	50,068	69,538	19,472
December.....	72,312	84,038	45,381	63,029	17,648
January.....	86,868	88,274	47,668	66,205	18,537
February.....	79,705	82,007	44,284	61,505	17,221
March.....	90,827	84,708	45,742	63,531	17,789
April.....	88,470	93,443	50,459	70,082	19,623
May.....	88,964	98,180	53,017	73,635	20,618
June.....	90,253	100,014	54,008	75,011	21,003
Total.....	1,376,604	1,395,887	753,779	1,046,915	293,136

CIGARETTES, OVER 3 POUNDS.

	Mar. 18, 1908, to June 30, 1909, thousands.	Mar. 18, 1909, to June 30, 1910—			Difference.
		Thousands.	Tax \$3 per thousand.	Tax \$3.60 per thousand.	
Mar. 18-31.....	1,008	1,026	3,078	3,693	615
April.....	2,029	1,548	4,645	5,573	928
May.....	2,366	1,698	5,094	6,113	1,019
June.....	2,255	1,683	5,049	6,059	1,010
July.....	1,853	1,743	5,229	6,275	1,046
August.....	1,206	1,663	4,989	5,987	998
September.....	1,558	1,320	3,961	4,752	1,791
October.....	1,828	1,663	4,989	5,987	998
November.....	1,623	1,948	5,843	7,013	1,170
December.....	1,856	1,802	5,406	6,487	1,081
January.....	1,426	1,560	4,681	5,616	935
February.....	1,093	1,723	5,169	6,208	1,034
March.....	1,775	2,032	6,095	7,315	1,220
April.....	1,548	1,666	4,998	5,997	999
May.....	1,698	1,938	5,814	6,977	1,163
June.....	1,683	2,391	7,172	8,607	1,435
Total.....	26,807	27,404	82,212	98,654	16,442

CIGARETTES, 3 POUNDS OR LESS.

	Mar. 18, 1908, to June 30, 1909, thousands.	Mar. 18, 1909, to June 30, 1910—			Difference.
		Thousands.	Tax at 54 cents and \$1.08.	Tax at \$1.25.	
Mar. 18-31.....	281,808	312,408	313,158	390,510	77,352
April.....	436,308	475,950	469,321	594,937	125,616
May.....	449,208	574,862	577,712	718,577	140,865
June.....	522,044	610,210	617,577	762,762	145,185
July.....	557,387	602,194	603,984	752,743	148,759
August.....	510,523	662,390	667,320	827,988	160,668
September.....	524,583	517,734	628,864	647,168	18,304
October.....	516,093	582,973	585,238	728,716	143,478
November.....	441,366	635,668	646,377	794,585	148,208
December.....	473,396	647,536	660,264	809,420	149,156
January.....	436,561	596,997	587,458	733,746	146,288
February.....	427,332	596,857	601,587	744,821	143,224
March.....	538,028	668,272	668,830	836,340	166,510
April.....	475,950	672,832	669,478	841,040	171,562
May.....	574,862	716,408	709,458	895,510	186,062
June.....	610,210	886,190	886,623	1,107,738	221,115
Total.....	7,775,659	9,748,481	9,893,249	12,185,601	2,292,352

COLLECTION OF REVENUE TAX ON TOBACCO UNDER ACT OF 1898.

The war-revenue act of June 13, 1898, contains some provisions which were designed to make the increased internal taxes on tobacco and fermented liquors retroactive; that is, applicable to goods that had been withdrawn from warehouse and on which taxes had been collected by stamps at the old rate. As regards beer, it was provided that beer still remaining in warehouse should be subjected to tax at the new rate even though taxes had already been collected, evidenced by stamps, at the old rate. As regards tobacco, a more complicated arrangement was made. Tobacco upon which taxes had been paid at the old rate by stamps was subjected to an additional tax, not of the full amount of the increase of the act of 1898, but only half of that amount. This one-half increase was also made applicable to all tobacco in dealers' hands, even though already withdrawn from factory. Dealers were required to report the quantities in their possession and were called upon to pay the one-half increase. Not all dealers, however, were subjected to these requirements, but only such dealers who had quantities in excess of specific minimum requirements, namely, 1,000 pounds of manufactured tobacco and 20,000 cigars or cigarettes.

From the published reports of the Commissioner of Internal Revenue the following figures are derived. They show the assessments on tobacco, made in respective years, after withdrawal from factory; that is, they show taxes that should have been collected, not by purchase, affixing, and cancellation of stamps, but by a process of following the tobacco into the dealers' hands. They also show that the actual collections of taxes through this process were distinctly less than the assessments.

Year.	Assessments on tobacco after with- drawal from warehouse.	Collections on tobacco after with- drawal from warehouse.
1897.....	\$9,043.79	
1898.....	438,593.48	\$9,945.13
1899.....	684,822.65	770,333.53
1900.....	26,706.60	3,973.81

By reference to Table 11 it will be seen that the difference between the revenue from a 6-cent tax on manufactured tobacco and the revenue from a 12-cent tax would have been, for the interim period of 1898, in round numbers \$3,300,000. The amount assessed during the fiscal years 1898 and 1899 for collection after withdrawal from warehouse was in round numbers \$1,125,000; the amount actually collected after withdrawal from warehouse was approximately \$780,000. The extra tax on withdrawals being at one-half the increase (i. e., at 3 cents, not at 6 cents), a completely effective method should have yielded at the 3-cent rate, in round numbers, at least \$1,650,000 (one-half of \$3,300,000); whereas in fact only \$780,000 was collected, considerably less than was assessed. These figures, moreover, take account of manufactured tobacco only. The discrepancy between potential and actual revenue would have appeared even greater if all forms of tobacco had been taken into account.

In general it may be stated that the process of collecting additional taxes by following tobacco into dealers' hands was measurably but by no means wholly successful.

EXHIBIT VI.

INTERIM LEGISLATION IN FOREIGN COUNTRIES.

MARCH 30, 1917.

GREAT BRITAIN.

According to a statement made at the session of June 11, 1897, (Debats, Chambre des Deputes, 1897, p. 1460) by Renault-Morlier, the "rapporteur" of the tariff committee of the French Chamber of Deputies who had charge of the Loi de Cadenas, the British Chancellor of the Exchequer orders on his own responsibility the collection of the new or increased duties or taxes contained in the budget law which is to be submitted to the House of Commons. He submits on the same day to the House of Commons, which constitutes itself into a committee of subsidies or supplies, a resolution authorizing the collection of such duties in accordance with the order previously issued. The resolution is always approved by the House of Commons and the duties go into effect immediately as a result of such approval. Theoretically, therefore, and probably from a constitutional standpoint, the immediate collection of the duties or taxes is based on the resolution approved by the House of Commons rather than on the order of the Chancellor of the Exchequer.

ITALY.

In Italy there seems to be no general law or constitutional provision authorizing the collection of new or increased duties pending legislative action, although there is a law of 1883 (a copy of which is not available) authorizing the adoption of such a measure under certain prescribed conditions. The decree providing for the immediate collection of duties is issued by the King and is countersigned by one or more ministers, according to a statement made in the course of the French debates. The Italian Cadenas measure has been applied since 1885 and in the only case where the law providing for increased duties failed of enactment the excess duty collected pending the discussion of the bill was not refunded, on the theory that the final consumer who paid for the increase in rates could not be reached by the refund. (Debats, Chambre des Deputes, 1897, p. 1466.)

SWITZERLAND.

In Switzerland the authority for the provisional collection of new or increased duties pending legislative action is found in article 35 of the customs law of June 28, 1893, which reads as follows:

The Federal Council is authorized to increase, to an extent which it may consider proper, the rates of duty on goods coming from countries with which Switzerland has no commercial relations providing for most-favored-nation treatment or which impose on Swiss products specially high rates of duty.

The Federal Council may also, in certain extraordinary circumstances, and especially in case of scarcity, make such temporary changes in the tariff as it may consider necessary.

In the cases indicated in paragraphs 1 and 2 the Federal Council may, in addition, adopt such other measures as it may consider useful. It must, however, submit to the Federal Assembly at its next meeting any provisions of that kind which it may have adopted, and such provisions can not be maintained without the approval of the Federal Assembly.

GERMANY.

The only provision on the subject in Germany is found in article 10 of the customs law of December 25, 1902, which reads as follows:

Dutiable goods proceeding from States that treat German ships or products less favorably than those of other nations may, in addition to the duties provided for in the tariff, be subject to a surtax not exceeding twice the amount of the tariff rate imposed on such goods, or even to a surtax equivalent to the total value of the goods themselves. Goods free of duty according to the tariff may, under those conditions, be taxed with a duty not exceeding 50 per cent ad valorem.

In like manner, and save treaty stipulations to the contrary, foreign goods may be subjected to the same duties and customs formalities as are applied to German goods in the country of origin.

The measures provided for in this section shall be put in force by imperial ordinance after being approved by the Bundesrath.

Any provisions enacted in the matter shall be communicated to the Reichstag orthwith, or, if not assembled, at its next session.

SWEDEN.

Article 60 of the constitution of 1809 excepts the rates of duty on grain from the public levies which must be submitted to legislative action. The increase in duty on grain may be made by royal decree, and this royal prerogative was made use of in 1894 for the purpose of increasing the duty on wheat.

BIBLIOGRAPHY.

The following are references dealing with the French Loi de Cadenas and the principle underlying such legislation:

Revue de deux mondes, Le Cadenas, by J. Charles Roux, pages 909-923, 1894.

Revue de droit public et de la science politique en France et a l'etranger, Le Catenaccio en Italie, by R. Dalla Volta, pages 42-46, 1894.

Die Franzosische Handelspolitik 1892-1902, by Bajkic, pages 241-247 (*Das sogenannte Sperrgesetz*). Contains a very good summary of the debates on the Loi de Cadenas in the French Parliament.

Debats, *Chambre des Deputes*, 1897, June and July.

EXHIBIT VIA.

MEMORANDUM ON THE FRENCH LOI DE CADENAS.

Article 34 of the French customs law of December 17, 1814, provides that certain royal ordinances may go into effect provisionally in case of emergency. This provision was applicable to prohibitions of the importation of foreign products, increases in duty, reductions in duty of raw materials necessary for manufacturing purposes, etc.

Article 4 of the law of June 15, 1861, abrogated the above law in so far as it applied to grain, flour, and other specified commodities.

The law of December 13, 1897, authorizes the Government to apply provisionally, in virtue of a decree, the provisions of any Government bill for the increase in the rates of import duties on grain and their derivatives, wine, cattle, and fresh meat. The decree is usually promulgated before the opening of the customhouses on the day following the introduction of the tariff measure and the rates go into effect immediately upon promulgation. The old rates are applied to shipments proved to have been embarked for direct shipment to a French port prior to the introduction of the bill. The same applies to shipments from a European country. Merchandise in French warehouses at the time the new rates become effective are subject to the increased rates of duty. In case the law fails of enactment or is enacted in a modified form, the difference between the rates levied provisionally and those finally provided for is refunded.

The text of the law of December 13, 1897, is as follows:

1. Every bill introduced by the Government providing for an increase in the rates of import duty on grain and their derivatives, wine, cattle, or fresh meat, shall be followed by a decree providing for its taking immediate effect. The Government shall take the proper measure to have the decree inserted in the *Journal Officiel* on the day following the introduction of the bill and announced before the opening of the custom houses. The new rates of duty shall be applied provisionally upon the promulgation and announcement prescribed above.

2. The products enumerated in article 1 shall be entitled to the benefit of the rates of the old tariff in case it should be proven that they were embarked for direct shipment to a French port or were started on their way to France from a country in Europe prior to the introduction of the bill.

3. The proceeds of the tax applied provisionally and assigned to the customs receipts shall not be acquired definitely by the public treasury until after the enactment of the law. In case the Government bill is withdrawn or adopted only in part, the difference between the duty collected and that legally in effect or fixed shall be refunded to the declarants.

NOTE.—The original text of the law and an explanation of its purpose may be found in *Les Douanes Françaises*, by G. Pallain, edition of 1913, on file in the Bureau of Foreign and Domestic Commerce, of the Department of Commerce.

EXHIBIT VIB.

(Quoted from the British Board of Trade Journal of Oct. 17, 1915, 90, p. 897.)

TARIFF CHANGES AND CUSTOMS REGULATIONS, UNITED KINGDOM— RESOLUTIONS OF THE HOUSE OF COMMONS CONCERNING CUSTOMS AND EXCISE DUTIES.

In accordance with the House of Commons resolution of September 21, the customs duties on the undermentioned articles imported into Great Britain or Ireland were increased as from September 22 on chicory, cocoa and cocoa butter, coffee, dried fruit (currents, figs, plums, and raisins), sugar, glucose, molasses and saccharin, motor spirit, tea, and tobacco.

Excise duty is imposed as from the same date on sugar (including molasses, glucose, and saccharin) made in Great Britain or Ireland, and the excise duties on chicory, motor spirit, and tobacco are increased.

In addition, customs duties are imposed as from September 29 on motor cars, motor bicycles and motor tricycles, and accessories and component parts of the same; clocks, watches, and component parts thereof; hats (including all forms of headgear); plate glass; and cinematograph films. The excise duties on medicines are increased as from the same date.

A full statement of the new duties will be published in next week's issue of the Board of Trade Journal.

EXHIBIT VIc.

[Memorandum. Department of Customs, Canada.]

OTTAWA, February 15, 1916.

TARIFF CHANGES, 1916.

To collectors of customs:

You are advised that by resolutions introduced in Parliament this date and in effect on and from February 16, 1916, changes are made in the customs tariff, 1907, as set forth below.

Customs entries are to be adjusted accordingly.

(Signed) JOHN M. DOUGALD,
Commissioner of Customs.

RESOLUTIONS.

1. *Resolved*, That it is expedient to amend schedule A to the customs tariff, 1907, and to strike thereout tariff items 92 and 267, the several enumerations of goods, respectively, and the several rates of duties of customs, if any, set opposite each of the said items, and to provide that the following items, enumerations, and rates of duties be inserted in said schedule A:

Tariff items.		British preferential tariff.	Intermediate tariff.	General tariff.
92	Apples, per barrel.....	60 cents.....	90 cents.....	90 cents.
267	Oils, petroleum (not including crude petroleum imported to be refined, or illuminating or lubricating oils), 0.8235 specific gravity or heavier at 60° F. per gallon.	$\frac{1}{2}$ cent.....	$\frac{1}{2}$ cent.....	$\frac{1}{2}$ cent.
267a	Crude petroleum in its natural state, 0.7900 specific gravity or heavier at 60° F., when imported by oil refiners to be refined in their own factories.	5 per cent....	7 $\frac{1}{2}$ per cent..	7 $\frac{1}{2}$ per cent.

Provided, however, that the goods hereinbefore enumerated shall be exempt from the rates of duties of customs specified in section 3 of the customs tariff war revenue act, 1915.

2. *Resolved*, That any enactment founded on the foregoing resolutions shall be deemed to have come into force on the 16th day of February, 1916, and to have applied to all goods mentioned in the foregoing resolutions, imported or taken out of warehouse for consumption on and after that day, and to have also applied to goods previously imported for which no entry for consumption was made before that day.

EXHIBIT VIc.

[Section 18 of the Customs Consolidation Act of Great Britain (sections 39 and 40 Vic., c. 36, s. 18) July, 24, 1876.]

"18. In all cases where any new duties of customs or other duties, rates, or charges under the management, collection, or control of the commissioners of customs are or may be imposed by any act of Parliament, or by any resolution of the House of Commons, in lieu of

any duties payable at the time of the passing of such act, such former duties shall be and continue payable until such new duties imposed in lieu thereof shall become chargeable, save and except in cases where the act or resolution imposing such new duties shall otherwise provide; and all moneys arising from any duties of customs, rates, or charges, or any arrears thereof, payable on account of any goods whatever imported into or exported from the United Kingdom under any former act, although computed under such former act, and whether secured by bond or otherwise, shall be levied, paid, and appropriated in the same manner as if the same had been made payable by this or any other act in force for the time being; and all drawbacks or allowances payable under any former act shall be paid or allowed under this or such other act as may be in force for the time being."

EXHIBIT VIe.

[Sec. 10 of the Finance Act of 1901 and sec. 7 of the Finance Act of 1902 of the Customs Laws of Great Britain.]

[1 Edw. 7, c. 7.]

"10. (1) Where any new customs import duty or new excise duty is imposed, or where any customs import duty or excise duty is increased, and any goods in respect of which the duty is payable are delivered after the day on which the new or increased duty takes effect in pursuance of a contract made before that day, the seller of the goods may, in the absence of agreement to the contrary, recover, as an addition to the contract price, a sum equal to any amount of the the new duty or the increase of duty, as the case may be.

"(2) Where any customs import duty or excise duty is repealed or decreased, and any goods affected by the duty are delivered after the day on which the duty ceases or the decrease in the duty takes effect in pursuance of a contract made before that day, the purchaser of the goods, in the absence of agreement to the contrary, may, if the seller of the goods has had in respect of these goods the benefit of the repeal or decrease of the duty, deduct from the contract price a sum equal to the amount of the duty or decrease of duty, as the case may be.

"(3) Where any addition to or deduction from the contract price may be made under this section on account of any new or repealed duty, such sum as may be agreed upon or in default of agreement determined by the Commissioner of Customs in the case of a customs duty, and by the Commissioners of Inland Revenue in the case of an excise duty, as representing in the case of a new duty any new expenses incurred, and in the case of a repealed duty any expenses saved, may be included in the addition to or reduction from the contract price, and may be recovered or deducted accordingly.

"(4) This section shall be deemed to have had effect as from the 19th day of April, 1901, and section 20 of the customs consolidation act, 1876, and section 8 of the finance act, 1900, are hereby repealed."

[2 Edw. 7, c. 7.]

"7. Section 10 of the finance act, 1901, applies although the goods have undergone a process of manufacture or preparation, or have become a part or ingredient of other goods."



